

## SENATE BILL No. 303

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-18.5-13.

**Synopsis:** Property tax levy appeals. Authorizes a civil taxing unit to request an increase in its maximum property tax levy for a year, if the department of local government finance finds that the growth in the civil taxing unit's assessed value in the preceding year was at least two times the percentage growth allowed for the civil taxing unit's tax levy under the assessed value growth quotient determined for the ensuing year. Provides that the civil taxing unit may increase its maximum property tax levy by a percentage equal to the percentage growth in the civil taxing unit's assessed value for the preceding year.

**Effective:** Upon passage.

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January 6, 2016, read first time and referred to Committee on Tax & Fiscal Policy.

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Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## SENATE BILL No. 303

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-18.5-13, AS AMENDED BY P.L.245-2015,  
2       SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       UPON PASSAGE]: Sec. 13. (a) With respect to an appeal filed under  
4       section 12 of this chapter, the department may find that a civil taxing  
5       unit should receive any one (1) or more of the following types of relief:  
6       (1) Permission to the civil taxing unit to increase its levy in excess  
7       of the limitations established under section 3 of this chapter, if in  
8       the judgment of the department the increase is reasonably  
9       necessary due to increased costs of the civil taxing unit resulting  
10      from annexation, consolidation, or other extensions of  
11      governmental services by the civil taxing unit to additional  
12      geographic areas or persons. With respect to annexation,  
13      consolidation, or other extensions of governmental services in a  
14      calendar year, if those increased costs are incurred by the civil  
15      taxing unit in that calendar year and more than one (1)  
16      immediately succeeding calendar year, the unit may appeal under  
17      section 12 of this chapter for permission to increase its levy under



1 this subdivision based on those increased costs in any of the  
2 following:

3 (A) The first calendar year in which those costs are incurred.

4 (B) One (1) or more of the immediately succeeding four (4)  
5 calendar years.

6 (2) A levy increase may not be granted under this subdivision for  
7 property taxes first due and payable after December 31, 2008.  
8 Permission to the civil taxing unit to increase its levy in excess of  
9 the limitations established under section 3 of this chapter, if the  
10 local government tax control board finds that the civil taxing unit  
11 needs the increase to meet the civil taxing unit's share of the costs  
12 of operating a court established by statute enacted after December  
13 31, 1973. Before recommending such an increase, the local  
14 government tax control board shall consider all other revenues  
15 available to the civil taxing unit that could be applied for that  
16 purpose. The maximum aggregate levy increases that the local  
17 government tax control board may recommend for a particular  
18 court equals the civil taxing unit's estimate of the unit's share of  
19 the costs of operating a court for the first full calendar year in  
20 which it is in existence. For purposes of this subdivision, costs of  
21 operating a court include:

22 (A) the cost of personal services (including fringe benefits);

23 (B) the cost of supplies; and

24 (C) any other cost directly related to the operation of the court.

25 (3) Permission to the civil taxing unit to increase its levy in excess  
26 of the limitations established under section 3 of this chapter, if the  
27 department finds that the quotient determined under STEP SIX of  
28 the following formula is equal to or greater than one and  
29 two-hundredths (1.02):

30 STEP ONE: Determine the three (3) calendar years that most  
31 immediately precede the ensuing calendar year and in which  
32 a statewide general reassessment of real property under  
33 IC 6-1.1-4-4 does not first become effective.

34 STEP TWO: Compute separately, for each of the calendar  
35 years determined in STEP ONE, the quotient (rounded to the  
36 nearest ten-thousandth (0.0001)) of the sum of the civil taxing  
37 unit's total assessed value of all taxable property and:

38 (i) for a particular calendar year before 2007, the total  
39 assessed value of property tax deductions in the unit under  
40 IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular  
41 calendar year; or

42 (ii) for a particular calendar year after 2006, the total



assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit



needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars (\$10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to increase its levy in excess of the limitations



1 established under section 3 of this chapter if the local government  
2 tax control board finds that:

3 (A) the township's township assistance ad valorem property  
4 tax rate is less than one and sixty-seven hundredths cents  
5 (\$0.0167) per one hundred dollars (\$100) of assessed  
6 valuation; and

7 (B) the township needs the increase to meet the costs of  
8 providing township assistance under IC 12-20 and IC 12-30-4.

9 The maximum increase that the board may recommend for a  
10 township is the levy that would result from an increase in the  
11 township's township assistance ad valorem property tax rate of  
12 one and sixty-seven hundredths cents (\$0.0167) per one hundred  
13 dollars (\$100) of assessed valuation minus the township's ad  
14 valorem property tax rate per one hundred dollars (\$100) of  
15 assessed valuation before the increase.

16 (7) A levy increase may not be granted under this subdivision for  
17 property taxes first due and payable after December 31, 2008.  
18 Permission to a civil taxing unit to increase its levy in excess of  
19 the limitations established under section 3 of this chapter if:

20 (A) the increase has been approved by the legislative body of  
21 the municipality with the largest population where the civil  
22 taxing unit provides public transportation services; and

23 (B) the local government tax control board finds that the civil  
24 taxing unit needs the increase to provide adequate public  
25 transportation services.

26 The local government tax control board shall consider tax rates  
27 and levies in civil taxing units of comparable population, and the  
28 effect (if any) of a loss of federal or other funds to the civil taxing  
29 unit that might have been used for public transportation purposes.  
30 However, the increase that the board may recommend under this  
31 subdivision for a civil taxing unit may not exceed the revenue that  
32 would be raised by the civil taxing unit based on a property tax  
33 rate of one cent (\$0.01) per one hundred dollars (\$100) of  
34 assessed valuation.

35 (8) A levy increase may not be granted under this subdivision for  
36 property taxes first due and payable after December 31, 2008.  
37 Permission to a civil taxing unit to increase the unit's levy in  
38 excess of the limitations established under section 3 of this  
39 chapter if the local government tax control board finds that:

40 (A) the civil taxing unit is:

41 (i) a county having a population of more than one hundred  
42 seventy thousand (170,000) but less than one hundred



seventy-five thousand (175,000);

(ii) a city having a population of more than sixty-five thousand (65,000) but less than seventy thousand (70,000);

(iii) a city having a population of more than twenty-nine thousand five hundred (29,500) but less than twenty-nine thousand six hundred (29,600);

(iv) a city having a population of more than thirteen thousand four hundred fifty (13,450) but less than thirteen thousand five hundred (13,500); or

(v) a city having a population of more than eight thousand seven hundred (8,700) but less than nine thousand (9,000); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:



- 1 (i) was issued by a federal district court; and
- 2 (ii) has not been terminated;
- 3 (C) that operates a county jail that fails to meet:
- 4 (i) American Correctional Association Jail Construction
- 5 Standards; and
- 6 (ii) Indiana jail operation standards adopted by the
- 7 department of correction; or
- 8 (D) that operates a juvenile detention center that fails to meet
- 9 standards equivalent to the standards described in clause (C)
- 10 for the operation of juvenile detention centers.
- 11 Before recommending an increase, the local government tax
- 12 control board shall consider all other revenues available to the
- 13 county that could be applied for that purpose. An appeal for
- 14 operating funds for a jail or a juvenile detention center shall be
- 15 considered individually, if a jail and juvenile detention center are
- 16 both opened in one (1) county. The maximum aggregate levy
- 17 increases that the local government tax control board may
- 18 recommend for a county equals the county's share of the costs of
- 19 operating the jail or a juvenile detention center for the first full
- 20 calendar year in which the jail or juvenile detention center is in
- 21 operation.
- 22 (10) A levy increase may not be granted under this subdivision for
- 23 property taxes first due and payable after December 31, 2008.
- 24 Permission for a township to increase its levy in excess of the
- 25 limitations established under section 3 of this chapter, if the local
- 26 government tax control board finds that the township needs the
- 27 increase so that the property tax rate to pay the costs of furnishing
- 28 fire protection for a township, or a portion of a township, enables
- 29 the township to pay a fair and reasonable amount under a contract
- 30 with the municipality that is furnishing the fire protection.
- 31 However, for the first time an appeal is granted the resulting rate
- 32 increase may not exceed fifty percent (50%) of the difference
- 33 between the rate imposed for fire protection within the
- 34 municipality that is providing the fire protection to the township
- 35 and the township's rate. A township is required to appeal a second
- 36 time for an increase under this subdivision if the township wants
- 37 to further increase its rate. However, a township's rate may be
- 38 increased to equal but may not exceed the rate that is used by the
- 39 municipality. More than one (1) township served by the same
- 40 municipality may use this appeal.
- 41 (11) Permission to a city having a population of more than
- 42 thirty-one thousand five hundred (31,500) but less than thirty-one



thousand seven hundred twenty-five (31,725) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(12) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter due to a natural disaster, an accident, or another unanticipated emergency.

(13) Permission to Jefferson County to increase its levy in excess of the limitations established under section 3 of this chapter if the department finds that the county experienced a property tax revenue shortfall that resulted from an erroneous estimate of the effect of the supplemental deduction under IC 6-1.1-12-37.5 on the county's assessed valuation. An appeal for a levy increase under this subdivision may not be denied because of the amount of cash balances in county funds. The maximum increase in the county's levy that may be approved under this subdivision is three hundred thousand dollars (\$300,000).

**(14) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the percentage growth in the civil taxing unit's assessed value for the preceding calendar year was at least two (2) times the percentage growth allowed for the civil taxing unit's tax levy under the assessed value growth quotient determined under section 2 of this chapter for the ensuing calendar year. The civil taxing unit may increase its levy by a percentage equal to the percentage growth in the civil taxing unit's assessed value for**



**the preceding calendar year.**

(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under section 3 of this chapter for the city of Goshen for 2012 and thereafter by an amount equal to the greater of zero (0) or the result of:

(1) the city's total pension costs in 2009 for the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7); minus

(2) the sum of:

(A) the total amount of state funds received in 2009 by the city and used to pay benefits to members of the 1925 police pension fund (IC 36-8-6) or the 1937 firefighters' pension fund (IC 36-8-7); plus

(B) any previous permanent increases to the city's levy that were authorized to account for the transfer to the state of the responsibility to pay benefits to members of the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7).

(c) In calendar year 2013, the department of local government finance shall allow a township to increase its maximum permissible ad valorem property tax levy in excess of the limitations established under section 3 of this chapter, if the township:

(1) petitions the department for the levy increase on a form prescribed by the department; and

(2) submits proof of the amount borrowed in 2012 or 2013, but not both, under IC 36-6-6-14 to furnish fire protection for the township or a part of the township.

The maximum increase in a township's levy that may be allowed under this subsection is the amount borrowed by the township under IC 36-6-6-14 in the year for which proof was submitted under subdivision (2). An increase allowed under this subsection applies to property taxes first due and payable after December 31, 2013.

**SECTION 2. An emergency is declared for this act.**

